

[Translation]

#### Funds for Handicraft Sector

4596. SHRI N.J. RATHWA: Will the Minister of TEXTILES be pleased to state:

(a) the funds provided by the Union Government to Gujarat Handicrafts Development Corporation for development of handicrafts like woodcraft, bronze craft, handpainting, carpet weaving, clay sculpture, pottery and bamboo crafts in the tribal areas of Gujarat during the last three years; and

(b) the number of tribal people benefitted therefrom?

THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA):

(a) The funds released to the Gujarat State Handicrafts Development corporation Ltd., during the last three years including in the tribal areas of Gujarat for the development of handicrafts including woodcraft, bronze craft, handpainting, carpet weaving, clay sculpture, pottery & bamboo crafts are as under:-

Year	Amount Released (Rs. in lakhs)
1993-94	13.98
1994-95	6.61
1995-96	10.55

(b) More than 3000 tribal people have been benefitted directly from the funds released during the last three years.

[English]

#### Reduction in Cash Reserve Ratio

4597. SHRIMATI VASUNDHARA RAJE: Will the Minister of FINANCE be pleased to state:

(a) the quantum of additional funds proposed to be released on account of the announcement of reduction in cash reserve ratio and the manner in which these measures are likely to stimulate bank deposits; and

(b) whether the Government propose to further bring down the cash reserve ratio to 10% as was suggested by the Narasimhan Committee?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Reserve Bank of India (RBI) has reported that as part of the policy towards rationalisation of the Cash Reserve Ratio (CRR), with effect from fortnight

beginning July 6, 1996, the CRR of scheduled commercial banks's net demand and time liabilities was lowered from 13.0 per cent to 12.0 per cent. The reduction in CRR implies release of Rs. 4,100 crore of lendable resources of banks.

(c) RBI has further reported that in line with the recommendation of the Narasimhan Committee, their medium term goal is to bring down the CRR to 10 per cent. However, CRR being an instrument of monetary control, it will need to be used flexibly, depending on the monetary situation.

#### Suggestions by IMF and World Bank

4598. SHRI SONTOSH MOHAN DEV: Will the Minister of FINANCE be pleased to state:

(a) whether the IMF and the World Bank have suggested to the Government to improve the economic conditions of States and bring down their fiscal deficit;

(b) if so, the details thereof;

(c) whether the deficit has gone up to 10 per cent;

(d) whether the panel of IMF and World Bank met the Finance Minister recently;

(e) if so, the main points discussed therein; and

(f) the steps proposed to be taken by the Government to improve the economic condition of the States?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b). The IMF and the World Bank have been generally emphasising the need for financial prudence and the need to bring down the fiscal deficit.

(c) According to the World Bank Country Economic Memorandum (CEM) 1996, the consolidated deficit of the central government, state and public enterprises amounts to about 10 per cent of GDP.

(d) and (e). The IMF Mission which visited India from 31.7.96 to 13.8.96 in connection with Article IV Consultations paid a courtesy call on the Finance Minister on 13.8.96.

(f) Steps are being taken to bring down the fiscal imbalance to a sustainable level by stressing to the States and public enterprises the importance of improving their financial performance and reducing their dependence on budgetary support.

#### Basic Minimum Services Programme

4599. DR. T. SUBBARAMI REDDY: Will the Minister of FINANCE be pleased to state: